

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2014

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# RIVER VALLEY COMMUNITY SCHOOL DISTRICT

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### **Board of Education**

(Before September 2013 Election)

Kirk Utesch	President	2015
Dawn McCrea	Vice President	2017
Deb Stevenson	Board Member	2017
Scott Knaack	Board Member	2015
Gaylen Goettsch	Board Member	2015

(After September 2013 Election)

Kirk Utesch	President	2015
Dawn McCrea	Vice President	2017
Deb Stevenson	Board Member	2017
Scott Knaack	Board Member	2015
Gaylen Goettsch	Board Member	2015

### **School Officials**

Donita Joens	Superintendent
Kathy Fick	District Secretary
Cindy Dittmer	District Treasurer

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report

To the Board of Education of  
River Valley Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District, Correctionville, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District as of June 30,

2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise River Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed modified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2015 on our consideration of River Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering River Valley Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

May 29, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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River Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of River Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report River Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which River Valley Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net Position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- **Private-Purpose Trust Fund.** The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-1

	Condensed Statement of Net Position						Percentage Change 2013-2014 %
	Governmental Activities		Business-type Activities		Total School District		
	2013	2014	2013	2014	2013	2014	
	\$	\$	\$	\$	\$	\$	
Current and other assets	4,852,091	5,340,120	72,818	80,080	4,924,909	5,420,200	10%
Capital assets	6,422,411	6,170,303	36,578	35,918	6,458,989	6,206,221	-4%
<b>Total assets</b>	<b>11,274,502</b>	<b>11,510,423</b>	<b>109,396</b>	<b>115,998</b>	<b>11,383,898</b>	<b>11,626,421</b>	<b>2%</b>
Long-term liabilities	2,242,503	1,816,985	1,692	2,286	2,244,195	1,819,271	-19%
Other liabilities	443,310	469,650	4,385	6,846	447,695	476,496	6%
<b>Total liabilities</b>	<b>2,685,813</b>	<b>2,286,635</b>	<b>6,077</b>	<b>9,132</b>	<b>2,691,890</b>	<b>2,295,767</b>	<b>-15%</b>
Deferred inflows of resources	2,385,372	2,513,871	2,561	2,996	2,387,933	2,516,867	5%
Net Position:							
Net investment in capital assets	4,307,411	4,470,303	36,578	35,918	4,343,989	4,506,221	4%
Restricted	1,089,189	1,320,063	-	-	1,089,189	1,320,063	21%
Unrestricted	806,717	919,551	64,180	67,952	870,897	987,503	13%
<b>TOTAL NET POSITION</b>	<b>6,203,317</b>	<b>6,709,917</b>	<b>100,758</b>	<b>103,870</b>	<b>6,304,075</b>	<b>6,813,787</b>	<b>8%</b>

The District's total net position increased by 8%, or \$509,712, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$230,874 or 21% over the prior year. The increase was primarily a result of increased revenues within the management and school infrastructure funds.

Unrestricted net position . the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . increased \$116,606, or 13%. This increase in unrestricted net position was a result of the District receiving more local sources from tuition and the state funding from the 2% state aid payout that was distributed to the district as miscellaneous income.



Figure A-2 shows the change in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-2

	Change in Net Position						Percentage Change
	Governmental Activities		Business-type Activities		Total School District		
	2013	2014	2013	2014	2013	2014	
	\$	\$	\$	\$	\$	\$	2013-2014 %
Revenues							
Program Revenues:							
Charges for services	505,759	585,767	115,110	124,561	620,869	710,328	14%
Operating grants & contributions	702,172	725,737	149,664	151,986	851,836	877,723	3%
Capital grants & contributions	-	-	-	-	-	-	
General Revenues:							
Property taxes	2,310,024	2,386,464	-	-	2,310,024	2,386,464	3%
Income surtax	217,122	255,506	-	-	217,122	255,506	18%
Statewide sales, service & use tax	362,343	367,773	-	-	362,343	367,773	1%
Unrestricted state grants	1,446,474	1,583,319	-	-	1,446,474	1,583,319	9%
Unrestricted investment earnings	838	944	89	101	927	1,045	13%
Other revenue	23,414	3,646	-	-	23,414	3,646	-84%
<b>Total Revenues</b>	<b>5,568,146</b>	<b>5,909,156</b>	<b>264,863</b>	<b>276,648</b>	<b>5,833,009</b>	<b>6,185,804</b>	<b>6%</b>
Expenses:							
Instruction	3,101,791	3,368,880	-	-	3,101,791	3,368,880	9%
Support services	1,439,312	1,454,602	-	-	1,439,312	1,454,602	1%
Non-instructional programs	1,079	4	247,000	273,536	248,079	273,540	10%
Other expenditures	553,116	579,070	-	-	553,116	579,070	5%
<b>Total expenses</b>	<b>5,095,298</b>	<b>5,402,556</b>	<b>247,000</b>	<b>273,536</b>	<b>5,342,298</b>	<b>5,676,092</b>	<b>6%</b>
<b>CHANGE IN NET POSITION</b>	<b>472,848</b>	<b>506,600</b>	<b>17,863</b>	<b>3,112</b>	<b>490,711</b>	<b>509,712</b>	<b>4%</b>
Net position beginning of year, as restated	5,730,469	6,203,317	82,895	100,758	5,813,364	6,304,075	8%
Net position end of year	6,203,317	6,709,917	100,758	103,870	6,304,075	6,813,787	8%

In fiscal year 2014 property tax and unrestricted state grants account for 64% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 85% of the total expenses.

As shown in figure A-2, the District as a whole experienced a 6% increase in revenues and a 6% increase in expenses. The increase in revenues is attributed primarily to additional revenue from charges of services, property tax, unrestricted state grants and income surtax with increases in expenses related to salaries and benefits as negotiated.

### Governmental Activities

Revenues for governmental activities were \$5,909,156 and expenses were \$5,402,556. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

### Business Type Activities

Revenues for business type activities were \$276,648 and expenses were \$273,536. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District increased meal prices per state lunch guidelines and also offered a summer breakfast/lunch program thus showing an increase in revenues and with negotiated salaries and benefits resulting in increase in expenditures the District did not have to use reserve funds.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, River Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,137,749, well above last year's ending fund balances of \$1,804,730. However, the primary reason for the increase in combined fund balances in fiscal 2014 is due to an increase in tuition in revenue and state funding of 2% Supplemental State Aid to be included in miscellaneous income and decrease in capital project expenditures.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$937,859 to \$1,075,011. The District experienced an increase in tuition in revenue including special education and 2% supplemental state aid to increase our fund balance.
- The Capital Projects Fund balance increased due to slight increase in revenues and a substantial decrease in expenditures. The District ended the 2014 year with an increase in fund balance of \$140,595. The District did not take on any substantial projects during 2013-2014 fiscal year.
- The Debt Service Fund balance decreased by \$392 during fiscal year 2014. The District continues to see the savings from refinancing of bonds from the previous year.

### **Proprietary Fund Highlights**

School Nutrition Fund net position increased from \$100,758 at June 30, 2013 to \$103,870 at June 30, 2014, representing an increase of approximately 3%. The District increased meal prices per state lunch guidelines and also offered a summer breakfast/lunch program thus showing an increase in revenues to be able to offset the increase in negotiated salaries and benefits.

## **BUDGETARY HIGHLIGHTS**

The District's receipts were \$327,389 more than budgeted receipts. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the District had invested \$6.2 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-3) This represents a net decrease of 4% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$300,145.

Figure A-3

#### Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2013-2014 %
	2013	2014	2013	2014	2013	2014	
	\$	\$	\$	\$	\$	\$	
Land	19,689	19,689	-	-	19,689	19,689	-
Construction in progress	-	-	-	-	-	-	-
Buildings	5,678,976	5,525,890	-	-	5,678,976	5,525,890	-3%
Improvements	233,050	206,847	-	-	233,050	206,847	-11%
Equipment & furniture	490,696	417,877	36,578	35,918	527,274	453,795	-14%
<b>TOTAL</b>	<b>6,422,411</b>	<b>6,170,303</b>	<b>36,578</b>	<b>35,918</b>	<b>6,458,989</b>	<b>6,206,221</b>	<b>-4%</b>

### Long-Term Debt

At June 30, 2014 the District had \$1,799,544 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of 19% from last year. (See Figure A-4) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a bond rating of A+ assigned by national rating agencies to the District's debt since 2012.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$8,042,053.

Figure A-4

#### Outstanding Long-Term Obligations

	Total School District		Percentage Change 2013-2014 %
	2013	2014	
	\$	\$	
Governmental activities:			
General obligation bonds	2,115,000	1,700,000	-20%
Early retirement	29,468	-	-100%
Net OPEB liability	71,733	97,258	36%
	<u>2,216,201</u>	<u>1,797,258</u>	<u>-19%</u>
Business type activities:			
Net OPEB liability	<u>1,692</u>	<u>2,286</u>	<u>35%</u>

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The outlook for our District, in reference to rising property valuations, will result in a 4% increase for the 2014-2015 school year.
- School financing is highly dependent upon student enrollment. The District's October 2014 enrollment decreased by 11.5 students. The decrease in revenue is \$73,312.50.
- The District received \$44,250 in onetime funding modified allowable growth as a result of an increase open enrolled out students not included in the prior years certified enrollment. The ratio of open enroll in students vs. open enrolled out students is a serious concern to the district.
- The District was able to hold its own for the 2013-2014 funding years as revenues exceeded expenditures by \$329,373. The continued increase in property tax valuations and state funding sources helps with district funding. The District is very effective when staff vacancies arrive to either modify the position or utilized current staff resulting in savings of salaries and benefits. The District must continue to exhibit sound financial decisions that prepare the District for unknown roadblocks.
- The District continues to reap savings from the refinancing of bonds with less interest paid on debt.
- Fiscal year 2015 is the second year of a two-year contract with the River Valley Community Schools Education Association. Settlement in excess of new money or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The District continues to be proactive in relations to technology. This has allowed the district to become very competitive with surrounding school districts and we strive to continue to offer the very best possible educational opportunities to the students of River Valley Community Schools
- The District continues to be proactive with upkeep of facilities, grounds and maintenance. The district purchased a new tractor for ground maintenance. A new Suburban was purchased to accommodate extra curricular events when a full size bus would not be needed. The District provided a \$5,000 donation to the City of Correctionville to help resurface the current tennis courts into pickle ball courts that physical education students may use during the school day. The District replaced and installed new gutter and downspouts at both building sites. River Valley School signs were placed at Jr/Sr High and Elementary Buildings and a new look was given to the football complex with new concrete being poured around the high school concession stand/grandstand area.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cynthia Dittmer, District Secretary/Treasurer and Business Manager, River Valley Community School District, 916 Hackberry Street, Correctionville, IA 51016.

## BASIC FINANCIAL STATEMENTS

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2014

	Governmental Activities \$	Business Type Activities \$	Total \$
<b>Assets</b>			
Cash, cash equivalents and pooled investments	2,374,275	75,730	2,450,005
Receivables:			
Property tax:			
Delinquent	35,673	-	35,673
Succeeding year	2,513,871	-	2,513,871
Accounts	10,184	94	10,278
Due from other governments	385,464	-	385,464
Inventories	-	4,256	4,256
Unamortized bond issue costs	20,653	-	20,653
Capital assets, net of accumulated depreciation	6,170,303	35,918	6,206,221
<b>Total assets</b>	<b>11,510,423</b>	<b>115,998</b>	<b>11,626,421</b>
<b>Liabilities</b>			
Accounts payable	86,867	6,593	93,460
Salaries and benefits payable	381,362	253	381,615
Accrued interest payable	1,421	-	1,421
Long-term liabilities:			
Unamortized bond premium	19,727	-	19,727
Portion due within one year:			
General obligation bonds payable	420,000	-	420,000
Portion due after one year:			
General obligation bonds payable	1,280,000	-	1,280,000
Net OPEB liability	97,258	2,286	99,544
<b>Total liabilities</b>	<b>2,286,635</b>	<b>9,132</b>	<b>2,295,767</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,513,871	-	2,513,871
Other	-	2,996	2,996
Total deferred inflows of resources	<b>2,513,871</b>	<b>2,996</b>	<b>2,516,867</b>
<b>Net position</b>			
Net investment in capital assets	4,470,303	35,918	4,506,221
Restricted for:			
Categorical funding	258,746	-	258,746
Management levy	192,046	-	192,046
Physical plant and equipment levy	53,211	-	53,211
Student activities	44,363	-	44,363
School infrastructure	757,910	-	757,910
Debt service	13,787	-	13,787
Unrestricted	919,551	67,952	987,503
<b>Total net position</b>	<b>6,709,917</b>	<b>103,870</b>	<b>6,813,787</b>

See notes to financial statements.

# RIVER VALLY COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2014

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		
		<b><u>Charges for</u></b>	<b><u>Operating</u></b>	<b><u>Capital Grants,</u></b>
		<b><u>Services</u></b>	<b><u>Grants,</u></b>	<b><u>Contributions</u></b>
			<b><u>and Restricted</u></b>	<b><u>and Restricted</u></b>
			<b><u>Interest</u></b>	<b><u>Interest</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>
Governmental activities:				
Instruction:				
Regular	2,239,972	352,435	456,727	-
Special	547,106	81,264	20,336	-
Other	581,802	151,417	79,530	-
	<u>3,368,880</u>	<u>585,116</u>	<u>556,593</u>	<u>-</u>
Support services:				
Student	99,296	-	-	-
Instructional staff	133,932	-	-	-
Administration	520,002	-	-	-
Operation and maintenance of plant	396,230	508	-	-
Transportation	305,142	-	453	-
	<u>1,454,602</u>	<u>508</u>	<u>453</u>	<u>-</u>
Non-instructional programs	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	210,638	-	-	-
Long-term debt interest	20,452	143	-	-
AEA flowthrough	168,691	-	168,691	-
Depreciation (unallocated)*	179,289	-	-	-
	<u>579,070</u>	<u>143</u>	<u>168,691</u>	<u>-</u>
Total governmental activities	<u>5,402,556</u>	<u>585,767</u>	<u>725,737</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	<u>273,536</u>	<u>124,561</u>	<u>151,986</u>	<u>-</u>
Total	<u>5,676,092</u>	<u>710,328</u>	<u>877,723</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

### Change in net position

Net position beginning of year, as restated

Net position end of year

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,430,810)	-	(1,430,810)
(445,506)	-	(445,506)
(350,855)	-	(350,855)
<u>(2,227,171)</u>	<u>-</u>	<u>(2,227,171)</u>
(99,296)	-	(99,296)
(133,932)	-	(133,932)
(520,002)	-	(520,002)
(395,722)	-	(395,722)
(304,689)	-	(304,689)
<u>(1,453,641)</u>	<u>-</u>	<u>(1,453,641)</u>
<u>(4)</u>	<u>-</u>	<u>(4)</u>
(210,638)	-	(210,638)
(20,309)	-	(20,309)
-	-	-
<u>(179,289)</u>	<u>-</u>	<u>(179,289)</u>
<u>(410,236)</u>	<u>-</u>	<u>(410,236)</u>
(4,091,052)	-	(4,091,052)
-	3,011	3,011
<u>(4,091,052)</u>	<u>3,011</u>	<u>(4,088,041)</u>
1,941,754	-	1,941,754
384,887	-	384,887
59,823	-	59,823
255,506	-	255,506
367,773	-	367,773
1,583,319	-	1,583,319
944	101	1,045
3,646	-	3,646
<u>4,597,652</u>	<u>101</u>	<u>4,597,753</u>
506,600	3,112	509,712
<u>6,203,317</u>	<u>100,758</u>	<u>6,304,075</u>
<u>6,709,917</u>	<u>103,870</u>	<u>6,813,787</u>



## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash, cash equivalents and pooled investments	1,390,916	9,463	738,073	235,823	2,374,275
Receivables:					
Property tax:					
Delinquent	26,131	5,745	795	3,002	35,673
Succeeding year	1,728,214	437,550	63,107	285,000	2,513,871
Accounts	10,184	-	-	-	10,184
Due from other governments	306,625	-	78,839	-	385,464
<b>Total assets</b>	<b>3,462,070</b>	<b>452,758</b>	<b>880,814</b>	<b>523,825</b>	<b>5,319,467</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	77,865	-	6,586	2,416	86,867
Salaries and benefits payable	381,362	-	-	-	381,362
Total liabilities	459,227	-	6,586	2,416	468,229
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,728,214	437,550	63,107	285,000	2,513,871
Income surtax	199,618	-	-	-	199,618
Total deferred inflows of resources	1,927,832	437,550	63,107	285,000	2,713,489
Fund balances:					
Restricted for:					
Categorical funding	258,746	-	-	-	258,746
Debt service	-	15,208	-	-	15,208
Management levy	-	-	-	192,046	192,046
Student activities	-	-	-	44,363	44,363
School infrastructure	-	-	757,910	-	757,910
Physical plant and equipment	-	-	53,211	-	53,211
Unassigned	816,265	-	-	-	816,265
Total fund balances	1,075,011	15,208	811,121	236,409	2,137,749
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>3,462,070</b>	<b>452,758</b>	<b>880,814</b>	<b>523,825</b>	<b>5,319,467</b>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2014

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	2,137,749
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,170,303
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	199,618
Bond issue costs are an expense when incurred in the governmental funds, but are capitalized and amortized for the life of the bonds for the government-wide financial statements.	20,653
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,421)
Long-term liabilities, including bonds payable, bond premium, termination benefits, compensated absences and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	(1,816,985)
<b>Net position of governmental activities (Exhibit A)</b>	<u><u>6,709,917</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,990,558	384,887	59,823	200,129	2,635,397
Tuition	313,570	-	-	-	313,570
Other	116,939	143	244	155,815	273,141
State sources	2,164,425	203	367,805	106	2,532,539
Federal sources	144,290	-	-	-	144,290
Total revenues	<u>4,729,782</u>	<u>385,233</u>	<u>427,872</u>	<u>356,050</u>	<u>5,898,937</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,146,179	-	-	72,569	2,218,748
Special	544,138	-	-	-	544,138
Other	407,041	-	-	172,980	580,021
	<u>3,097,358</u>	<u>-</u>	<u>-</u>	<u>245,549</u>	<u>3,342,907</u>
Support services:					
Student	92,619	-	-	-	92,619
Instructional staff	132,745	-	-	-	132,745
Administration	505,046	-	-	1,553	506,599
Operation and maintenance of plant	343,876	-	4,981	42,519	391,376
Transportation	255,937	-	21,658	10,765	288,360
	<u>1,330,223</u>	<u>-</u>	<u>26,639</u>	<u>54,837</u>	<u>1,411,699</u>
Non-instructional programs	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Other expenditures:					
Facilities acquisition	-	-	210,638	-	210,638
Long-term debt:					
Principal	-	415,000	-	-	415,000
Interest and fiscal charges	-	20,625	-	-	20,625
AEA flowthrough	168,691	-	-	-	168,691
	<u>168,691</u>	<u>435,625</u>	<u>210,638</u>	<u>-</u>	<u>814,954</u>
Total expenditures	<u>4,596,276</u>	<u>435,625</u>	<u>237,277</u>	<u>300,386</u>	<u>5,569,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133,506</u>	<u>(50,392)</u>	<u>190,595</u>	<u>55,664</u>	<u>329,373</u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Compensation for loss of fixed assets	2,511	-	-	-	2,511
Sales of equipment	1,135	-	-	-	1,135
Operating transfers in	-	50,000	-	-	50,000
Operating transfers out	-	-	(50,000)	-	(50,000)
Total other financing sources (uses)	<u>3,646</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>3,646</u>
Change in fund balances	137,152	(392)	140,595	55,664	333,019
Fund balances beginning of year	<u>937,859</u>	<u>15,600</u>	<u>670,526</u>	<u>180,745</u>	<u>1,804,730</u>
Fund balances end of year	<u><u>1,075,011</u></u>	<u><u>15,208</u></u>	<u><u>811,121</u></u>	<u><u>236,409</u></u>	<u><u>2,137,749</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2014

	\$	\$
<b>Change in fund balances - total governmental funds (Exhibit E)</b>		333,019

**Amounts reported for governmental activities in the  
Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:

Expenditures for capital assets	43,248	
Depreciation expense	<u>(295,356)</u>	(252,108)

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.

6,883

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

415,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

173

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	29,468	
Other postemployment benefits	<u>(25,525)</u>	3,943

Bond issue costs are reported as expenses in the fund financial statements when incurred, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.

(6,885)

Bond premiums are reported as revenue in the governmental fund financial statements when incurred, but are amortized over the life of the bonds in the government-wide financial statements.

6,575**Changes in net Position of governmental activities (Exhibit B)**506,600

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Fund

June 30, 2014

	Enterprise Fund Nonmajor School Nutrition \$
<b>Assets</b>	
Current assets:	
Cash, cash equivalents and pooled investments	75,730
Accounts receivable	94
Inventories	4,256
Total current assets	<u>80,080</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>35,918</u>
<b>Total assets</b>	<u>115,998</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	6,593
Salaries and benefits payable	253
Deferred revenue	2,996
Total current liabilities	<u>9,842</u>
Noncurrent liabilities:	
Net OPEB liability	<u>2,286</u>
<b>Total liabilities</b>	<u>12,128</u>
<b>Net position</b>	
Investment in capital assets	35,918
Unrestricted	<u>67,952</u>
<b>Total net position</b>	<u><u>103,870</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund

Year ended June 30, 2014

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Operating revenues:	
Local sources:	
Charges for service	124,561
Operating expenses:	
Non-instructional programs:	
Salaries	54,380
Benefits	18,667
Supplies	185,395
Depreciation	4,789
Other	10,305
Total operating expenses	273,536
Operating income (loss)	(148,975)
Non-operating revenues:	
State sources	2,410
Federal sources	149,576
Interest income	101
Total non-operating revenues	152,087
Change in net position	3,112
Net position beginning of year	100,758
Net position end of year	103,870

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2014

	Enterprise Fund Nonmajor School Nutrition \$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	124,928
Cash paid to employees for services	(72,323)
Cash paid to suppliers for goods or services	(176,156)
Net cash used by operating activities	<u>(123,551)</u>
Cash flows from non-capital financing activities:	
State grants received	2,410
Federal grants received	135,882
Net cash provided by non-capital financing activities	<u>138,292</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(4,129)</u>
Cash flows from investing activities:	
Interest on investments	<u>101</u>
Net increase (decrease) in cash and cash equivalents	10,713
Cash and cash equivalents at beginning of year	<u>65,017</u>
Cash and cash equivalents at end of year	<u><u>75,730</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating income (loss)	(148,975)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	13,694
Depreciation	4,789
Decrease (increase) in inventories	3,519
Decrease (increase) in accounts receivable	(68)
(Decrease) increase in accounts payable	2,331
(Decrease) increase in salaries and benefits payable	130
(Decrease) increase in deferred revenue	435
(Decrease) increase in other postemployment benefits	594
Net cash used by operating activities	<u><u>(123,551)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2014, the District received \$13,694 of federal commodities.



## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position  
Fiduciary Fund

June 30, 2014

	Private Purpose Trust Scholarship
	<u>\$</u>
<b>Assets</b>	
Cash, cash equivalents and pooled investments	161,891
<b>Liabilities</b>	<u>-</u>
<b>Net Position</b>	
Reserved for scholarships	<u><u>161,891</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund

Year ended June 30, 2014

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	<u>950</u>
Deductions:	
Support services:	
Scholarships awarded	<u>1,050</u>
Change in net position	(100)
Net position beginning of year	<u>161,991</u>
Net position end of year	<u><u>161,891</u></u>

# RIVER VALLEY COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2014

### 1. Summary of Significant Accounting Policies

River Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Correctionville, Washta, Cushing and Quimby, Iowa and the predominately agricultural territory in a portion of Woodbury, Cherokee and Ida Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, River Valley Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) The potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The River Valley Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year.

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	3,000
Improvements other than buildings	3,000
Intangibles	30,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	3-20 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Revenue . Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amount budgeted.

## 2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at

federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$1,779,695 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

### 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer To	Transfer From	Amount
		\$
Debt Service Fund	Capital Projects Fund	50,000

The transfer from the Capital Projects Fund to the Debt Service Fund moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year, as Restated	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	19,689	-	-	19,689
Capital assets being depreciated:				
Buildings	7,685,818	-	-	7,685,818
Improvements other than buildings	524,056	-	-	524,056
Furniture and equipment	1,715,044	43,248	-	1,758,292
Total capital assets being deprec.	9,924,918	43,248	-	9,968,166
Less accumulated depreciation for:				
Buildings	2,006,842	153,086	-	2,159,928
Improvements other than buildings	291,006	26,203	-	317,209
Furniture and equipment	1,224,348	116,067	-	1,340,415
Total accumulated depreciation	3,522,196	295,356	-	3,817,552
Total capital assets being depreciated, net	6,402,722	(252,108)	-	6,150,614
Governmental activities capital assets, net	6,422,411	(252,108)	-	6,170,303
<b>Business type activities:</b>				
Furniture and equipment	228,654	4,129	-	232,783
Less accumulated depreciation	192,076	4,789	-	196,865
Business type activities capital assets, net	36,578	(660)	-	35,918



Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	48,088
Other	-
Support services:	
Student support	6,083
Administration	9,841
Operation and maintenance of plant services	2,480
Transportation	49,575
	<u>116,067</u>
Unallocated depreciation	<u>179,289</u>
Total depreciation expense . governmental activities	<u><u>295,356</u></u>
Business type activities:	
Food service	<u><u>4,789</u></u>

## 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	2,115,000	-	415,000	1,700,000	420,000
Termination benefits	29,468	-	29,468	-	-
Net OPEB liability	<u>71,733</u>	<u>25,525</u>	<u>-</u>	<u>97,258</u>	<u>-</u>
Total	<u><u>2,216,201</u></u>	<u><u>25,525</u></u>	<u><u>444,468</u></u>	<u><u>1,797,258</u></u>	<u><u>420,000</u></u>
Business type activities:					
Net OPEB liability	<u><u>1,692</u></u>	<u><u>594</u></u>	<u><u>-</u></u>	<u><u>2,286</u></u>	<u><u>-</u></u>

### Termination Benefits

The District offered a voluntary early retirement plan for employees during fiscal year 2013. Eligible employees must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 40% of the employee's gross wages for the last year of employment or the average of the last three years of employment, whichever is greater.

Early retirement benefits will be paid in one lump sum during the year following retirement.

At June 30, 2014, the District has obligations to no participants. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$29,468.

## General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

2012 Refunding Bond Issue				
Year Ended June 30,	Interest Rates	Principal \$	Interest \$	Total \$
2015	.70%	420,000	17,050	437,050
2016	.90%	420,000	14,110	434,110
2017	1.10%	425,000	10,330	435,330
2018	1.30%	435,000	5,655	440,655
Total		1,700,000	47,145	1,747,145

## Bond Refunding

On May 22, 2012, the District issued \$2,530,000 of general obligation refunding bonds with interest rates ranging from .40% to 1.30%. The District issued the bonds to refund \$2,480,000 of the outstanding 2005 general obligation refunding bonds with a 4.00% interest rate. The District used the net proceeds to call and pay the balance of the 2005 issue.

The refunding reduced total debt service payments over the next six years by \$225,263. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$218,478.

## **6. Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$234,019, \$222,029 and \$221,875 respectively, equal to the required contributions for each year.

## **7. Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 44 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Seabury and Smith. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	36,479
Interest on net OPEB obligation	1,836
Adjustment to annual required contribution	(7,806)
Annual OPEB cost	30,509
Contributions made	(4,390)
Increase in net OPEB obligation	26,119
Net OPEB obligation beginning of year	73,425
Net OPEB obligation end of year	99,544

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$4,390 to the medical plan. Plan members eligible for benefits contributed \$32,755 or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost \$	Percentage of Annual OPEB Cost Contributed %	Net OPEB Obligation \$
2010	16,386	19%	13,289
2011	16,726	5%	29,113
2012	16,726	5%	44,937
2013	29,284	3%	73,425
2014	30,509	14%	99,544

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$154,801, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$154,801. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,740,000, and the ratio of the UAAL to covered payroll was 8.9%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of

Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000.

The UAAL is being amortized over 30 years.

## 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$168,691 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## 10. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
	\$
Limited English proficient	5,719
At risk	42,005
Returning dropout and dropout prevention program	51,742
Preschool	41,096
Gifted and talented	1,365
Teacher salary supplement	44,981
Home school assistance program	24,665
Mentoring	558
Early readers	12,835
Teacher leadership	4,982
Educator quality, professional development	12,003
Core curriculum	15,148
Market factor	1,647
	<u>258,746</u>

## **11. Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pension . an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

## REQUIRED SUPPLEMENTARY INFORMATION

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2014

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original	Final	\$
Revenues:						
Local sources	3,222,108	124,662	3,346,770	3,505,978	3,505,978	(159,208)
State sources	2,532,539	2,410	2,534,949	2,067,218	2,067,218	467,731
Federal sources	144,290	149,576	293,866	275,000	275,000	18,866
Total revenues	<u>5,898,937</u>	<u>276,648</u>	<u>6,175,585</u>	<u>5,848,196</u>	<u>5,848,196</u>	<u>327,389</u>
Expenditures/Expenses:						
Instruction	3,342,907	-	3,342,907	3,510,500	3,510,500	167,593
Support services	1,411,699	-	1,411,699	1,682,000	1,682,000	270,301
Non-instructional programs	4	273,536	273,540	275,000	275,000	1,460
Other expenditures	814,954	-	814,954	918,563	918,563	103,609
Total expenditures/expenses	<u>5,569,564</u>	<u>273,536</u>	<u>5,843,100</u>	<u>6,386,063</u>	<u>6,386,063</u>	<u>542,963</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	329,373	3,112	332,485	(537,867)	(537,867)	870,352
Other financing sources (uses) net	<u>3,646</u>	<u>-</u>	<u>3,646</u>	<u>-</u>	<u>-</u>	<u>3,646</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	333,019	3,112	336,131	(537,867)	(537,867)	873,998
Balance beginning of year	<u>1,804,730</u>	<u>100,758</u>	<u>1,905,488</u>	<u>1,182,222</u>	<u>1,182,222</u>	<u>723,266</u>
Balance end of year	<u><u>2,137,749</u></u>	<u><u>103,870</u></u>	<u><u>2,241,619</u></u>	<u><u>644,355</u></u>	<u><u>644,355</u></u>	<u><u>1,597,264</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted.



RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	119,273	119,273	0.0%	1,480,000	8.1%
2011	July 1, 2009	-	119,453	119,453	0.0%	1,740,000	6.9%
2012	July 1, 2009	-	119,453	119,453	0.0%	1,920,000	6.2%
2013	July 1, 2012	-	158,814	158,814	0.0%	1,600,000	9.9%
2014	July 1, 2012	-	154,801	154,801	0.0%	1,740,000	8.9%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB obligation, funded status and funding progress.

## SUPPLEMENTARY INFORMATION

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2014

<b>Assets</b>	<b>Special Revenue Funds</b>		<b>Total</b>
	<b>Management</b>	<b>Student</b>	
	<b>Levy</b>	<b>Activity</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash, cash equivalents and pooled investments	189,044	46,779	235,823
Receivables:			
Property tax:			
Delinquent	3,002	-	3,002
Succeeding year	285,000	-	285,000
<b>Total assets</b>	<b>477,046</b>	<b>46,779</b>	<b>523,825</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	-	2,416	2,416
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	285,000	-	285,000
Fund balances:			
Restricted for:			
Management levy	192,046	-	192,046
Student activities	-	44,363	44,363
Total fund balances	192,046	44,363	236,409
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>477,046</b>	<b>46,779</b>	<b>523,825</b>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2014

	Special Revenue Funds		
	Management	Student	
	Levy	Activity	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	200,129	-	200,129
Other	6,777	149,038	155,815
State sources	106	-	106
Total revenues	<u>207,012</u>	<u>149,038</u>	<u>356,050</u>
Expenditures:			
Current:			
Instruction:			
Regular	72,569	-	72,569
Other	-	172,980	172,980
Support services:			
Administration	1,000	553	1,553
Operation and maintenance of plant	42,519	-	42,519
Transportation	10,765	-	10,765
Total expenditures	<u>126,853</u>	<u>173,533</u>	<u>300,386</u>
Change in fund balances	80,159	(24,495)	55,664
Fund balances beginning of year	<u>111,887</u>	<u>68,858</u>	<u>180,745</u>
Fund balances end of year	<u><u>192,046</u></u>	<u><u>44,363</u></u>	<u><u>236,409</u></u>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Capital Project Accounts

June 30, 2014

<b>Assets</b>	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	680,234	57,839	738,073
Receivables:			
Property tax:			
Delinquent	-	795	795
Succeeding year	-	63,107	63,107
Due from other governments	78,839	-	78,839
<b>Total assets</b>	<b>759,073</b>	<b>121,741</b>	<b>880,814</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	1,163	5,423	6,586
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	63,107	63,107
Fund balances:			
Restricted for:			
School infrastructure	757,910	-	757,910
Physical plant and equipment	-	53,211	53,211
Total fund balances	757,910	53,211	811,121
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>759,073</b>	<b>121,741</b>	<b>880,814</b>

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Projects Accounts

Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	59,823	59,823
Other	52	192	244
State sources	367,773	32	367,805
Total revenues	367,825	60,047	427,872
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	1,163	3,818	4,981
Transportation services	21,658	-	21,658
Other expenditures:			
Facilities acquisition	137,753	72,885	210,638
Total expenditures	160,574	76,703	237,277
Excess (deficiency) of revenues over (under) expenditures	207,251	(16,656)	190,595
Other financing sources (uses):			
Operating transfers out	(50,000)	-	(50,000)
Change in fund balance	157,251	(16,656)	140,595
Fund balances beginning of year	600,659	69,867	670,526
Fund balance end of year	757,910	53,211	811,121

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Intra-Fund Transfers \$	Balance End of Year \$
Activities general reserve	10,262	-		(10,262)	-
Interest	2,203	133	553	(1,081)	702
Cheerleaders	322	2,065	2,136	475	726
MS the loft	142	-	-	-	142
MS renaissance	416	-	104	-	312
MS student council	5,246	6,897	5,455	-	6,688
Yearbook	5,304	7,331	6,256	-	6,379
HS play	3,562	2,708	2,801	-	3,469
HS athletics	(2,497)	41,214	48,905	12,927	2,739
Speech and drama club	2,842	1,566	3,850	268	826
Chess club	100	-	-	-	100
Drill team	1,603	7,920	6,810	-	2,713
MS concessions	-	-	211	211	-
Library bookfair	-	-	57	57	-
Wolverine's den	258	-	-	-	258
HS renaissance	312	1,158	1,105	60	425
FFA	144	-	-	-	144
FCLLA	1,728	1,379	786	-	2,321
Music fundraiser	1,108	1,124	1,124	-	1,108
Art club	1,977	1,801	2,715	63	1,126
Spanish club	242	1,085	1,199	-	128
Quiz bowl club	95	-	-	-	95
Industrial arts club	176	-	-	-	176
Physics club	196	1,861	2,175	118	-
Scholarship banquet fund	205	-	29	-	176
Fundraiser DC trip	17,358	51,145	67,257	(634)	612
Class of 2008	815	-	-	-	815
Class of 2012	(83)	-	-	377	294
Class of 2013	-	-	217	217	-
Class of 2014	980	1,189	716	(1,189)	264
Class of 2015	-	1,219	2,476	1,967	710
Class of 2016	-	-	-	18	18
National Honor Society	916	878	639	(336)	819
HS student council	7,317	4,358	4,199	(846)	6,630
HS concessions	6,024	12,007	9,757	(2,410)	5,864
Beginning accrual	(415)	-	(415)	-	-
Ending accrual	-	-	2,416	-	(2,416)
Total	68,858	149,038	173,533	-	44,363

## RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	2,635,397	2,528,196	2,735,807	2,613,481	2,526,459	2,417,583	2,265,958	2,278,570	2,227,034	2,230,236
Tuition	313,570	215,961	254,396	204,309	254,721	177,722	223,539	301,341	246,451	238,173
Other	273,141	313,098	201,857	247,344	174,842	179,499	354,908	427,305	278,939	206,636
State sources	2,532,539	2,358,846	2,118,362	2,122,338	1,857,266	2,184,403	2,232,509	2,192,651	2,132,425	2,001,669
Federal sources	144,290	152,143	202,180	358,152	493,993	160,488	176,490	196,345	302,767	259,519
Total revenues	<u>5,898,937</u>	<u>5,568,244</u>	<u>5,512,602</u>	<u>5,545,624</u>	<u>5,307,281</u>	<u>5,119,695</u>	<u>5,253,404</u>	<u>5,396,212</u>	<u>5,187,616</u>	<u>4,936,233</u>
Expenditures:										
Instruction:										
Regular instruction	2,218,748	2,284,919	2,159,338	2,205,906	2,108,279	2,037,216	1,944,412	1,920,175	1,769,689	1,846,735
Special instruction	544,138	498,899	466,636	424,155	454,213	421,213	510,303	446,991	427,012	490,293
Other instruction	580,021	473,778	511,861	455,672	476,414	418,006	408,715	369,982	403,151	200,160
Support services:										
Student services	92,619	91,059	87,932	79,222	58,355	98,241	102,426	96,769	97,475	97,235
Instructional staff services	132,745	99,868	104,098	125,939	117,119	153,551	124,290	140,435	116,141	122,843
Administration services	506,599	526,979	583,989	511,631	522,926	495,412	466,908	484,887	485,354	605,385
Operation and maintenance	391,376	397,421	385,732	383,344	473,878	406,890	405,727	391,297	384,718	335,493
Transportation services	288,360	328,771	228,035	383,032	206,337	191,478	248,339	306,551	261,357	365,048
Non-instructional programs	4	1,079	1,207	-	6,391	-	-	-	4,082	-
Other expenditures:										
Facilities acquisition	210,638	84,395	155,851	193,387	715,152	437,426	351,988	119,938	128,434	220,647
Long-term debt:										
Principal	415,000	415,000	2,835,000	345,000	330,000	320,000	4,100,000	275,000	265,000	255,000
Interest and other charges	20,625	21,820	113,400	127,650	140,800	153,600	349,060	361,648	363,776	232,898
AEA flowthrough	168,691	162,412	164,059	184,215	183,449	161,318	157,847	155,881	149,751	147,634
Total expenditures	<u>5,569,564</u>	<u>5,386,400</u>	<u>7,797,138</u>	<u>5,419,153</u>	<u>5,793,313</u>	<u>5,294,351</u>	<u>9,170,015</u>	<u>5,069,554</u>	<u>4,855,940</u>	<u>4,919,371</u>



Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
River Valley Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District and of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered River Valley Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of River Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of River Valley Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 14-I-A and 14-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether River Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### River Valley Community School District's Responses to the Findings

River Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. River Valley Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of River Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

May 29, 2015

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements:

Internal control deficiencies:

- 14-I-A      Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 14-I-B      Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- 14-II-A     Certified Budget: Expenditures for the year ended June 30, 2014, did not exceed the amount budgeted.
- 14-II-B     Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 14-II-C     Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 14-II-D     Business Transactions: No business transactions between the District and District officials or employees were noted.
- 14-II-E     Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 14-II-F     Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 14-II-G     Certified Enrollment: The basic enrollment data certified to the Department of Education was overstated by 1 student.
- Recommendation: The District should review its control procedures to ensure accurate counts in the future
- District Response: We will continue to review our procedures and implement additional controls where possible.
- Conclusion: Response accepted.
- 14-II-H     Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 14-II-I     Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 14-II-J     Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 14-II-K     Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 14-II-L     Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

# RIVER VALLEY COMMUNITY SCHOOL DISTRICT

## Schedule of Findings and Responses

Year ended June 30, 2014

### Part II: Other Findings Related to Required Statutory Reporting (continued):

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

	\$	\$
Beginning balance		600,659
Revenues/transfers in:		
Statewide sales, services and use tax revenue	367,773	
Interest	52	367,825
Expenditures/transfers out:		
Equipment	160,574	
Transfers to debt service fund	50,000	210,574
Ending balance		757,910

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
	\$	\$
Debt service levy	.30	50,000